

## **INFORMATION BULLETIN #14**

### **INCOME TAX**

**JANUARY, 2003**

**(Replaces Information Bulletin #14, dated November, 2000)**

**DISCLAIMER:** Information Bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is inconsistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, information provided in this Bulletin should only serve as a foundation for further investigation and study of the current law and procedures related to its subject matter.

**SUBJECT:** Income Tax Credit for Donations to Colleges

**REFERENCE:** IC 6-3-3-5

#### **INTRODUCTION:**

The purpose of this Bulletin is to briefly summarize the provision in the Adjusted Gross Income Tax law which provides taxpayers a credit for any contribution made to an accredited institution of higher education that is located in the State of Indiana. The term contribution does not include payments for tuition or fees to attend the institution.

## **I. ELIGIBLE INSTITUTIONS**

The Department will recognize credits taken on individual and corporate tax returns for contributions made to an eligible institution or to any corporation or foundation organized and operated solely for the benefit of the institution of higher education.

## **II. DEFINITION OF "INSTITUTION OF HIGHER EDUCATION"**

The term "institution of higher education" means any educational institution located within Indiana:

- (1) which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on;
- (2) which regularly offers education at a level above the twelfth grade;
- (3) which regularly awards either associate, bachelors, masters, or doctoral degrees, or any combination thereof; and
- (4) which is duly accredited by the North Central Association of Colleges and Schools, the Indiana State Board of Education, or the American Association of Theological Schools.

## **III. TAX CREDIT FOR CONTRIBUTIONS BY INDIVIDUALS**

Individuals are allowed a tax credit against their adjusted gross income tax liability for contributions made to an institution of higher education. The amount of the individual's credit is fifty percent (50%) of the total amount given during the tax year. The credit may not exceed the lesser of: 1) \$100 for a single return or \$200 for a joint return; or 2) the adjusted gross income tax liability on any return less the credit for taxes paid to other states, the twenty first century scholars program, the unified tax credit for the elderly, and the enterprise zone credit.

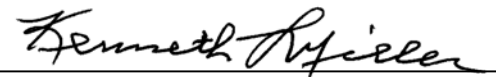
#### **IV. TAX CREDIT FOR CONTRIBUTIONS BY CORPORATIONS**

Corporations are allowed a tax credit against their adjusted gross income tax liability for contributions made to an institution of higher education.

The amount of a corporation's credit is equal to fifty percent (50%) of the total amount given during the tax year. However, the credit may not exceed the lesser of: 1) ten percent (10%) of the corporation's adjusted gross income tax liability, or 2) the amount of one thousand dollars (\$1,000).

#### **V. COMPUTATION SCHEDULE**

Schedule CC-40 must be attached to the taxpayer's income tax return to substantiate the credit. Schedule CC-40 is used to calculate the allowable credit, to list eligible institutions to which contributions have been made, the date of the contribution, and the amount of the contribution. Schedule CC-40 is available upon request from the Department, and on the Department's web site at [www.in.gov/dor/taxforms](http://www.in.gov/dor/taxforms).



Kenneth L. Miller  
Commissioner